

2005 DRAFTING REQUEST

Bill

Received: **01/07/2005**

Received By: **pgrant**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Ziegler**

This file may be shown to any legislator: **NO**

Drafter: **pgrant**

May Contact:

Addl. Drafters:

Subject: **Education - school boards**

Extra Copies: **MJL**

Submit via email: **NO**

Pre Topic:

DOA:.....Ziegler, BB0379 -

Topic:

School general fund balances

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pgrant 01/09/2005	kfollett 01/10/2005		_____			S&L
/1	pgrant 01/27/2005	kfollett 01/27/2005	chaugen 01/10/2005	_____	lnorthro 01/10/2005		S&L
/2			pgreensl 01/27/2005	_____	sbasford 01/27/2005		

FE Sent For:

<END>

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/?	pgrant		ch 1-10	ch 1-10 RS			

FE Sent For:

<END>

2005-07 Budget Bill Statutory Language Drafting Request

- Topic: School general fund balances
- Tracking Code: BB0379
- SBO team: Education, Workforce and Local Government Team
- SBO analyst: Paul Ziegler
 - Phone: 266-5468
 - Email: paul.ziegler@doa.state.wi.us
- Agency acronym: Department of Public Instruction (DPI)
- Agency number: 255



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

JAMES E. DOYLE
GOVERNOR

MARC J. MAROTTA
SECRETARY

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: January 5, 2005

To: Steve Miller, Chief
Legislative Reference Bureau

From: Paul Ziegler, Policy and Budget Analyst
State Budget Office, DOA

Subject: Drafting request for 2005-07 Biennial Budget Bill

Please have the following item drafted for possible inclusion in the 2005-07 biennial budget bill:

Topic:

School general fund balances

Drafting Request:

Require school districts to publish as part of their budget proposals additional information on their general fund balances for the budgeted year and the two preceding years as follows:

1. The amount of their annual general fund ending balances expressed as a percent of general fund expenditures.
2. The statewide average school district general fund balance expressed as a percent of expenditures for the two years preceding the budgeted year. For the first year preceding the budgeted year, this figure shall be a preliminary estimate provided by DPI. For the second year preceding the budgeted year, this figure shall be the actual statewide average calculated by and provided to districts by DPI.

In addition, require a school district to vote to approve any overall general fund balance planned for the end of the budgeted year in excess of 90% of the statewide actual average percentage general fund balance, expressed as a percent of expenditures, in the second year preceding the budgeted year. This vote must be separate from votes to adopt the budget and set the levy.

Please contact me at 266-5468 or by email at paul.ziegler@doa.state.wi.us with any questions.

Thank you.

2005

Date (time)
needed

5000

LRB- 1566 / 1

DOA BUDGET DRAFT

DN

PG : kjf:

Use the appropriate components and routines developed for bills.

(in 1/9/05)

>>FOR 2005-07 BUDGET - NOT READY FOR INTRODUCTION<<

Do Not Gen

AN ACT ... [DO NOT generate catalog]; relating to: the budget.

Analysis by the Legislative Reference Bureau

If titles are needed in the analysis, in the component bar:

For the main heading, execute: create → anal: → title: → head

For the subheading, execute: create → anal: → title: → sub

For the sub-subheading, execute: create → anal: → title: → sub-sub

For the analysis text, in the component bar:

For the text paragraph, execute: create → anal: → text

attached

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION #.

✓ 65.90
SEC. # 12, 65.90 (3) (br)

③ For a school district,
65.90 (3)(br) The budget summary ~~is~~ also required

under par. (a) shall include all of the
following:
1. For the proposed budget, the ^{current} budget ~~is~~ effect, and the budget ~~effect~~ in the previous fiscal year, ~~the amount of~~ the school district's

~~ending~~ the general fund balance at the ^{end} of school district's the fiscal year, divided by the general fund expenditures in that fiscal year, expressed as a percentage.

2. For the ^{current} fiscal year, ^{budget and the budget in the previous}

The statewide average school district general fund balance at the end of the fiscal year divided by the statewide average school district general fund expenditures in that fiscal year, expressed as a percentage, as provided by the department of public instruction under par. (c).

Section #. 65.90 (3) (c) of the statutes is amended to read:

65.90 (3) (c) The department of public instruction under s. 115.28, the department of revenue under s. 73.10 and the technical college system board under s. 38.04 shall encourage and consult with interested public and private organizations regarding the budget summary information required under pars. (a) and (b). The department of public instruction and the technical college system board shall specify the revenue and expenditure detail that is required under par. (b) 1. and 2. for school districts and for technical college districts.

History: 1971 c. 40, 154; 1971 c. 211 ss. 77, 124; 1973 c. 224; 1975 c. 224; 1977 c. 418; 1981 c. 203; 1985 a. 225; 1987 a. 314, 377; 1989 a. 31; 1991 a. 39, 189; 1993 a. 399; 1995 a. 27, s. 9145 (1); 1997 a. 27.

The department of public instruction shall provide school districts with the information required under par. (b) 2. For the current ~~fiscal year~~ ^{budget} the department shall estimate the percentage.

✓

Section #. 65.90 (3) (d) of the statutes is amended to read:

65.90 (3) (d) A municipality may publish any additional budget summary information that its governing body considers necessary, but the additional information shall be reported separately from the information required under pars. (a), (b) ~~and (bm)~~ and (br)

History: 1971 c. 40, 154; 1971 c. 211 ss. 77, 124; 1973 c. 224; 1975 c. 224; 1977 c. 418; 1981 c. 203; 1985 a. 225; 1987 a. 314, 377; 1989 a. 31; 1991 a. 39, 189; 1993 a. 399; 1995 a. 27, s. 9145 (1); 1997 a. 27.

SET CR. 65.90 (5)(c)

a proposed budget in which the school

65.90 (5)(c) If a school board adopts ^{end} district's

general fund balance at the end of the school district's

fiscal year divided by the general fund

expenditures in that fiscal year exceeds

an amount equal to 75% ^{percent} of the ^{at the end of} school district

statewide average general fund balance of the

~~the~~ previous fiscal year divided by ^{the} statewide average ^{school district} general fund expenditures in the ~~the~~

previous fiscal year, as determined by

the department of public instruction under

sub (3) (b) 2., the school board shall

conduct a separate vote approving the excess.

2005

Nonstat File Sequence: **EEE**

LRB _____ / _____

INITIAL APPLICABILITY

- In the component bar:
For the action phrase, execute: create → action: → *NS: → inappl
For the budget action phrase, execute: create → action: → *NS: → 93XX
For the text, execute: create → text: → *NS: → inappl
- Nonstatutory subunits are numbered automatically. Fill in the Section # or subsection # only if a "frozen" number is needed. Below, for the budget, fill in the 9300 department code.

SECTION # 93 3 7 . Initial applicability;

public instruction (CS)
(#1) () School district general fund balances

✓ ✓ ✓ The treatment of sections ...
65.90(3)(br), (c), and (d) and (5)(c)

first applies to school district budgets proposed of the statutes
2006-07 school year proposed for the

(End)

- In the component bar:
For the action phrase, execute: create → action: → *NS: → inappl
For the text, execute: create → text: → *NS: → inapplA
- Nonstatutory subunits are numbered automatically. Fill in the Section # or subsection # only if a "frozen" number is needed.

SECTION # ____ . Initial applicability;

(#1) () This act first
applies to

O-Note

Analysis

EDUCATION

PRIMARY AND SECONDARY EDUCATION

Current law requires ^a school board ^{annually} to publish a summary of its proposed budget before ^{it} holds a public hearing on the budget.

This bill requires the summary to include, for the ^{proposed} proposed budget, the ^{current} current budget ~~in effect~~, and the budget ⁱⁿ the ^{previous} previous fiscal year, the school district's ^{general} general fund balance at the ^{end} end of the fiscal year divided by the school district's general fund expenditures in that fiscal year, ^{as a} expressed as a percentage. The ^{budget} summary must ^{also} also include, for the ^{current} current and ^{previous} previous fiscal years, the statewide average school

district general fund balance at the
end
end of the fiscal year divided by the
statewide average school district general
fund expenditures in that fiscal year,
expressed as a percentage.

The bill also provides that if a
school board adopts a proposed budget
in which the school district's general fund
balance at the end
balance at the end of the fiscal year
divided by the school district's general
fund expenditures in that fiscal year exceeds
an amount equal to 90% ^{percent} of the
statewide average ratio of balance to
expenditures in the previous fiscal year,
the school board must
conduct a separate vote approving the excess.

FE-SL

(DN) Date

PG:KJf

Paul:

Note that this bill does not apply to MPS or to the city of Milwaukee. See the ~~Sec 1~~ definition of "municipality" in

s. 65.90 (1). ~~does not include MPS or the~~

~~city of Milwaukee~~

MPS is required to have a public hearing on its proposed budget

under s. 119.16(8). Do you want to make any

changes in those sections? Also, note the initial applicability provision. OK? PG

Sections 65.01 to 65.20 apply only to 1st class cities, and

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1566/1dn
PG:kjf:ch

January 10, 2005

Paul:

Note that this bill does not apply to MPS or to the city of Milwaukee. See the definition of "municipality" in s. 65.90 (1). Sections 65.01 to 65.20 apply only to 1st class cities, and MPS is required to have a public hearing on its proposed budget under s. 119.16 (8). Do you want to make any changes in those sections? Also, note the initial applicability provision. OK?

Peter R. Grant
Managing Attorney
Phone: (608) 267-3362
E-mail: peter.grant@legis.state.wi.us

Grant, Peter

From: Ziegler, Paul
Sent: Tuesday, January 25, 2005 5:05 PM
To: Grant, Peter
Subject: FW: LRB Draft: 05-1566/1 School general fund balances



05-1566/1



05-1566/1dn

Peter -- If possible, I would like to have this apply to MPS as well. (If the process between the City and MPS are just too tangled, we can leave as is -- but, hopefully, a simple reference to the new sections created by this draft will do the trick.)

Also, I would prefer an FY06 initial applicability. I will yield to your judgement, however, as to whether this is unreasonable if the bill is signed in July or August.

-----Original Message-----

From: Haugen, Caroline [mailto:Caroline.Haugen@legis.state.wi.us]
Sent: Monday, January 10, 2005 12:58 PM
To: Ziegler, Paul
Cc: Hanle, Bob; Hanaman, Cathlene; Haugen, Caroline; Merry-Mason, Monica
Subject: LRB Draft: 05-1566/1 School general fund balances

Following is the PDF version of draft 05-1566/1.

DN

DOA:.....Ziegler, BB0379 - School general fund balances

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Do Not Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

PRIMARY AND SECONDARY EDUCATION

Current law requires a school board annually to publish a summary of its proposed budget before it holds a public hearing on the budget. This bill requires the summary to include, for the proposed budget, the current budget, and the budget in the previous fiscal year, the school district's general fund balance at the end of the fiscal year divided by the school district's general fund expenditures in that fiscal year, expressed as a percentage. The budget summary must also include, for the current and previous fiscal years, the statewide average school district general fund balance at the end of the fiscal year divided by the statewide average school district general fund expenditures in that fiscal year, expressed as a percentage.

The bill also provides that if a school board adopts a proposed budget in which the school district's general fund balance at the end of the fiscal year divided by the school district's general fund expenditures in that fiscal year exceeds an amount equal to 90 percent of the statewide average school district general fund ratio of balance to expenditures in the previous fiscal year, the school board must ~~conduct a~~ separate vote ~~approving the excess~~.

will
approve the excess by

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 65.90 (3) (br) of the statutes is created to read:

2 65.90 (3) (br) For a school district, the budget summary required under par. (a)
3 shall also include all of the following:

4 1. For the proposed budget, the current budget, and the budget in the previous
5 fiscal year, the school district's general fund balance at the end of the fiscal year
6 divided by the school district's general fund expenditures in that fiscal year,
7 expressed as a percentage.

8 2. For the current budget and the budget in the previous fiscal year, the
9 statewide average school district general fund balance at the end of the fiscal year
10 divided by the statewide average school district general fund expenditures in that
11 fiscal year, expressed as a percentage, as provided by the department of public
12 instruction under par. (c).

13 **SECTION 2.** 65.90 (3) (c) of the statutes is amended to read:

14 65.90 (3) (c) The department of public instruction under s. 115.28, the
15 department of revenue under s. 73.10 and the technical college system board under
16 s. 38.04 shall encourage and consult with interested public and private organizations
17 regarding the budget summary information required under pars. (a) and (b). The
18 department of public instruction and the technical college system board shall specify
19 the revenue and expenditure detail that is required under par. (b) 1. and 2. for school
20 districts and for technical college districts. The department of public instruction

1 shall provide school districts with the information required under par. (br) 2. For the
2 current budget, the department shall estimate the percentage.

3 **SECTION 3.** 65.90 (3) (d) of the statutes is amended to read:

4 65.90 (3) (d) A municipality may publish any additional budget summary
5 information that its governing body considers necessary, but the additional
6 information shall be reported separately from the information required under pars.
7 (a), (b) ~~and~~, (bm), and (br).

8 **SECTION 4.** 65.90 (5) (c) of the statutes is created to read:

9 65.90 (5) (c) If a school board adopts a proposed budget in which the school
10 district's general fund balance at the end of the fiscal year divided by the school
11 district's general fund expenditures in that fiscal year exceeds an amount equal to
12 90 percent of the statewide average school district general fund balance at the end
13 of the previous fiscal year divided by the statewide average school district general
14 fund expenditures in the previous fiscal year, as determined by the department of
15 public instruction under sub. (3) (br) 2., the school board shall conduct a separate
16 vote approving the excess.

17 **SECTION 9337. Initial applicability; public instruction.**

18 (1) SCHOOL DISTRICT GENERAL FUND BALANCES. The treatment of sections 65.90
19 (3) (br), (c), and (d) and (5) (c) of the statutes first applies to school district budgets
20 proposed for the 2006–07 school year.

21 (END)

D-Note

3-16

Jim Bach PI

✓

SEC. # CR; 119.16 (8) (am)

(am) ~~A summary of the budget under par. (a)~~

119.16 (8) (am) ^③ Except ^{as provided in par. (a), s. 65.90 (3) ~~that~~} and (5) (c) ~~that~~ ^{board} ~~and~~ ^{board} applies to the ~~any~~ budget proposed by the board.

PG: kjf

Date

(DN)

Paul:

~~I added the creation of s. 119.16 (8)(am)~~
~~to the draft to ensure that the draft applies~~
~~not at~~
~~1. I could not at this late date and~~

with so little time determine whether
✓ s. 65.50 applies to MPS. My suspicion is that
it
it does not. ~~That~~ I therefore ~~added the~~

creation of s. 119.16 (8)(am) ~~to the draft~~ to
ensure its
to ensure its the ~~provision in the draft~~ its
application.

~~will apply~~ to MPS. If I discover that this is unnecessary ~~but~~ is
or that it causes other problems, I'll let you know.
did not change

2. ~~At your request~~ I ~~was~~ the initial
applicability ~~of~~ provision. I think some school
their
districts have their budget hearings ~~in~~ as early as May.

Certainly by mid-August many districts
(when the budget bill is likely to
become effective),

will ~~also~~ have concluded ^{their} their duties
under s. 65.50[✓] for the 2005-06 school
year.

PG

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1566/2dn

PG:kjf.pg

January 27, 2005

Paul:

1. I could not at this late date and with so little time determine whether s. 65.90 applies to MPS. My suspicion is that it does not. I therefore created s. 119.16 (8) (am) to ensure its application to MPS. If I discover that this is unnecessary or that it causes other problems, I'll let you know.

2. I did not change the initial applicability provision. I think some school districts have their budget hearings as early as May. Certainly by mid-August (when the budget bill is likely to become effective), many districts will have concluded their duties under s. 65.90 for the 2005-06 school year.

Peter R. Grant
Managing Attorney
Phone: (608) 267-3362
E-mail: peter.grant@legis.state.wi.us



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1566/2

PG:kjf:pg

DOA:.....Ziegler, BB0379 - School general fund balances

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

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The bill also provides that if a school board adopts a proposed budget in which the school district's general fund balance at the end of the fiscal year divided by the school district's general fund expenditures in that fiscal year will exceed an amount equal to 90 percent of the statewide average school district general fund ratio of balance to expenditures in the previous fiscal year, the school board must approve the excess by a separate vote.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 65.90 (3) (br) of the statutes is created to read:

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3 shall also include all of the following:

4 1. For the proposed budget, the current budget, and the budget in the previous
5 fiscal year, the school district's general fund balance at the end of the fiscal year
6 divided by the school district's general fund expenditures in that fiscal year,
7 expressed as a percentage.

8 2. For the current budget and the budget in the previous fiscal year, the
9 statewide average school district general fund balance at the end of the fiscal year
10 divided by the statewide average school district general fund expenditures in that
11 fiscal year, expressed as a percentage, as provided by the department of public
12 instruction under par. (c).

13 **SECTION 2.** 65.90 (3) (c) of the statutes is amended to read:

14 65.90 (3) (c) The department of public instruction under s. 115.28, the
15 department of revenue under s. 73.10 and the technical college system board under
16 s. 38.04 shall encourage and consult with interested public and private organizations
17 regarding the budget summary information required under pars. (a) and (b). The
18 department of public instruction and the technical college system board shall specify
19 the revenue and expenditure detail that is required under par. (b) 1. and 2. for school
20 districts and for technical college districts. The department of public instruction

1 shall provide school districts with the information required under par. (br) 2. For the
2 current budget, the department shall estimate the percentage.

3 **SECTION 3.** 65.90 (3) (d) of the statutes is amended to read:

4 65.90 (3) (d) A municipality may publish any additional budget summary
5 information that its governing body considers necessary, but the additional
6 information shall be reported separately from the information required under pars.
7 (a), (b) ~~and~~, (bm), and (br).

8 **SECTION 4.** 65.90 (5) (c) of the statutes is created to read:

9 65.90 (5) (c) If a school board adopts a proposed budget in which the school
10 district's general fund balance at the end of the fiscal year divided by the school
11 district's general fund expenditures in that fiscal year exceeds an amount equal to
12 90 percent of the statewide average school district general fund balance at the end
13 of the previous fiscal year divided by the statewide average school district general
14 fund expenditures in the previous fiscal year, as determined by the department of
15 public instruction under sub. (3) (br) 2., the school board shall conduct a separate
16 vote approving the excess.

17 **SECTION 5.** 119.16 (8) (am) of the statutes is created to read:

18 119.16 (8) (am) Except as provided in par. (a), s. 65.90 (3) and (5) (c) applies to
19 the budget proposed by the board.

20 **SECTION 9337. Initial applicability; public instruction.**

21 (1) SCHOOL DISTRICT GENERAL FUND BALANCES. The treatment of sections 65.90
22 (3) (br), (c), and (d) and (5) (c) and 119.16 (8) (am) of the statutes first applies to school
23 district budgets proposed for the 2006–07 school year.

24 (END)